

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of Utilities Services of South Carolina,  
Incorporated for Adjustment of Rates and Charges  
and Modifications to Certain Terms and Conditions  
for the Provision of Water and Sewer Service

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET  
NUMBER: 2007 - 286 - WS

(Please type or print)

Submitted by: Office of Regulatory Staff

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda  
expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input checked="" type="checkbox"/> Proposed Oder	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

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BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2007-286-WS – ORDER NO. 2008-\_\_\_\_\_  
JANUARY \_\_, 2008

IN RE: Application of Utilities Services of )	
South Carolina, Inc. for Adjustment )	
of Rates and Charges and )	
Modifications to Certain Terms and )	
Conditions for the Provisions of )	
Water and Sewer Service. )	
_____ )	
	<b>OFFICE OF REGULATORY STAFF'S PROPOSED ORDER</b>

**INTRODUCTION**

This matter comes before the Public Service Commission of South Carolina (“the Commission”) on an application for approval of a new schedule of rates and charges for water and sewer services (“Application”) filed by Utilities Services of South Carolina, Inc. (“USSC” or the “Company”). USSC is a NARUC Class C water and wastewater utility. USSC’s service area includes portions of Abbeville, Anderson, Lexington, Richland, Saluda and York Counties. According to USSC’s Application, water supply and distribution services were provided to 6,854 residential and commercial customers, and wastewater collection and treatment services were provided to 376 residential and commercial customers.

USSC's Application was accepted by the Commission pursuant to S.C. Code Ann. § 58-5-210 *et. seq.* and 26 S.C. Code Regs. 103-512. USSC's Application and Proposed Schedule of Rates and Charges were filed with the Commission on August 6, 2007. No parties filed Petitions to intervene in this matter.

The Commission instructed USSC to publish a prepared Notice of Filing in a newspaper of general circulation in the areas affected by USSC's Application. The Notice of Filing indicated the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for inclusion in the proceedings. In the same correspondence, the Commission also instructed USSC to notify each customer affected by the Application. USSC furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published and with a letter in which USSC certified compliance with the Commission's instruction to mail a copy of the Notice of Filing to all customers affected by the Application. The Commission issued a Notice of Filing and Hearing in this matter on August 17, 2007, setting this matter for a full hearing before the Commission on December 13, 2007.

On September 27, 2007, the Commission issued Order No. 2007-673 granting a request for local public hearings and ordered the Commission Staff to set public hearings in Anderson and York Counties. Under this Order, Public Hearings were set and noticed by the Commission to be held in York County at Rock Hill City Hall on November 5, 2007 and at the Anderson County Library on November 7, 2007. The Commission received public comment from customers of the Company at these two public hearings.

Between the filing of the Company's Application and the date of the hearing, ORS made on site investigations of USSC's facilities, examined USSC's books and records and gathered detailed information concerning USSC's operations.

On December 13, 2007, a hearing concerning the matters asserted in USSC's Application was held in the Commission's hearing room located at Synergy Business Park, 101 Executive Center Drive – Saluda Building, Columbia, SC. The full Commission, with Chairman O'Neal Hamilton presiding, heard the matter of USSC's Application. John M. S. Hoefer, Esquire and Benjamin P. Mustian, Esquire represented USSC. Jeffrey Nelson, Esquire and Shealy Reibold, Esquire represented the Office of Regulatory Staff. David Butler, Esquire served as legal counsel to the Commission.

At the outset of the hearing, the Commission heard testimony from public witnesses. A total of five public witnesses testified at the hearing.

USSC presented the testimony of Pauline M. Ahern (Principal of AUS Consultants), Dr. B.R. Skelton, Lena Georgiev (Senior Regulatory Accountant at Utilities, Inc.), and Bruce T. Haas (Regional Director of Operations for Utilities Services of South Carolina, Inc.).

Ms. Ahern provided testimony on behalf of USSC concerning her calculations regarding a fair rate of return, including common equity cost rate, senior capital cost rate, and capital structure and rendered her opinion as to an appropriate rate of return on equity for USSC on its jurisdictional water and sewer rate bases. Dr. Skelton provided his opinion as to the range of returns on equity established by Ms. Ahern. Ms. Georgiev provided testimony related to the financial information contained in USSC's application and rebuttal testimony addressing concerns, issues and adjustments raised in the direct

testimony of ORS witnesses Paul B. Townes and Willie J. Morgan. Finally, USSC's last witness, Mr. Bruce Haas, provided both direct and conditional direct testimony providing a brief overview of USSC's operations and addressing issues raised by public witnesses at the public hearings held in November in York and Anderson Counties. Mr. Haas additionally provided rebuttal testimony addressing matters raised in the testimony of ORS witness Willie J. Morgan.

ORS presented the testimony of Dr. Douglas Carlisle regarding his opinion concerning a fair rate of return on equity of USSC and the direct and surrebuttal testimony of Paul B. Townes and Willie J. Morgan. Mr. Townes testified concerning ORS' examinations of the application and USSC's books and records as well as the subsequent accounting and pro forma adjustments recommended by ORS. Mr. Morgan's direct and surrebuttal testimony focused on USSC's compliance with Commission rules and regulations, ORS' business audit of USSC's water and wastewater systems, test-year and proposed revenue, and performance bond requirements.

In considering the Application of USSC, the Commission must consider competing interests; the interests of the customers of the system to receive quality service and a quality product at a fair rate as well as the interest of the Company to have the opportunity to earn a fair rate of return. The Commission must give due consideration to USSC's total revenue requirements, comprised of both the opportunity to earn a fair return on equity as well as allowable operating costs. To accomplish this, the Commission must review evidence admitted into the record regarding the operating revenues and operating expenses of USSC, and will endeavor to order adequate and reasonable levels of revenues and expenses for the company. The Commission will also

establish a fair rate of return on equity based on the record established at the hearing in this case. If the record establishes that a rate increase is warranted for the company, the Commission will attempt to design and order rates which are just and reasonable and free from undue discrimination.

### **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

After thorough consideration of the entire record in the USSC hearing, including the testimony and all exhibits, and the applicable law, the Commission makes the following findings of fact and conclusions of law:

1. USSC is a corporation organized and existing under the laws of the State of South Carolina and authorized to do business in the State of South Carolina.

2. USSC is a public utility as defined by S.C. Code Ann. §58-5-10(3) (Supp 2006), providing water and sewer service to the public for compensation in certain areas of South Carolina and is subject to the jurisdiction of the Commission.

3. USSC's current rates and charges for both water and sewer were approved by the Commission in Docket No. 2005-217-W/S.

4. The appropriate test year period for purposes of this proceeding is the twelve month period ending December 31, 2006. The test year is contained in the application of USSC as well as the testimony and exhibits of the parties' witnesses in this case. The establishment of a test year is a fundamental principle of the ratemaking process. Heater of Seabrook v. S.C. Pub. Serv. Comm'n, 324 S.C. 56, 478 S.E. 2d 826 (1996). The establishment of a test year is used to calculate what a utility's expenses and revenues are for the purposes of determining the reasonableness of a rate. The test year is established to provide a basis for making the most accurate forecast of the utility's rate

base, revenues, and expenses in the near future when the prescribed rates are in effect. Porter v. S.C. Pub. Serv. Comm'n, 328 S.C. 222, 493 S.E.2d 92 (1997). It also provides the Commission with a basis for estimating future revenue requirements. In the present case, the Commission has concluded that the appropriate test year to use is the twelve-month period ending December 31, 2006. No party contested the use of this test year as proposed by USSC in its application.

5. In accordance with the Application filed in this case, the Commission will use the rate of return on rate base methodology in determining the reasonableness of USSC's proposed rates. The Public Service Commission has wide latitude in determining an appropriate rate-setting methodology. Heater of Seabrook, 324 S.C. at 64, 478 S.E.2d at 830. Here, the Applicant has submitted evidence of substantial plant investment, and ORS has conducted its analysis and based its recommendations on a rate of return methodology. No party has raised any objection to the use of the return on rate base methodology in this proceeding.

6. By its application, USSC requested an increase in rates and charges for its combined operations to produce net operating income of \$853,331 (Exhibit B to Application). By the use of accounting and pro forma adjustments, ORS computed Net Income for Return of the requested increase to be \$1,112,380 (total operating revenues of \$4,415,435 less operating expenses of \$3,306,495 and added customer growth of \$3,440). Both USSC and ORS calculations of the amount of the proposed increase were based on the Proposed Schedule of Rates and Charges contained in Exhibit A to the Companies Application.

7. Total Operating Revenues for USSC for the test year are \$3,026,716. We accept ORS' calculation of USSC's test year service revenues for combined operations, as adjusted, of \$2,980,635, and taking into account miscellaneous revenues and uncollectible accounts, total operating revenues for the test year calculated by ORS of \$3,026,716. (Exhibit WJM-3, Hearing Exhibit 13). At USSC's proposed rates, combined operations service revenues, as adjusted, were calculated by ORS to total \$4,378,299. USSC's application shows combined per books test year operating revenue of \$2,848,170 and Pro Forma present combined revenues of \$2,886,530. Exhibit B, pg. 2 of 16 to Application. ORS used consumption data provided by USSC and verified during ORS' examination as a basis for its revenue calculations. Due to alleged inconsistencies in the company's customer account records, ORS imputed certain test year revenues based on customer billing information provided by USSC in the application and supplemental customer data provided by USSC and DHEC. (Morgan, Direct Testimony, pgs. 7 – 8). We find the method of such calculations to be reasonable and fair and therefore accept the above stated combined service revenue for the test year, as adjusted per ORS, to be \$2,980,635.

8. The Returns on Rate Base for USSC during the test year were calculated by ORS Witness Townes, after recommended accounting and pro forma adjustments, to be 2.85% for the test year and 12.17% after calculating the Company's Proposed Increase (Surrebuttal Exhibit PBT-1, Hearing Exhibit 11). Operating Margins for the Company were calculated by ORS Witness Townes, after recommended accounting and pro forma adjustments, to be (3.31%) for the test year and 17.02% after the company's proposed increase. At the hearing, USSC Witness Georgiev stated that the Company accepted the



accounting adjustments proposed by ORS. As there are no other parties to this case, we approve ORS' adjustments and find the appropriate return on rate base for USSC to be 2.85% for the test year ended December 31, 2006 and to be 12.17% after calculating USSC's proposed increase.

9. The Commission finds that the conclusions and their bases for establishing an appropriate range for a rate of return on equity for USSC contained in the testimony of ORS witness Dr. Douglas Carlisle are accurate and compelling. Dr. Carlisle concluded that 9.42% was a reasonable low point and that the top end of his range should be no more than 10.14%. The Commission therefore finds that a just and reasonable return on equity for USSC under the current application and based on the evidence and testimony provided by ORS economist Dr. Douglas Carlisle to be 9.42%.

10. The Commission finds that ORS Witness Morgan's adjustments regarding service revenues are appropriate. ORS proposed a service revenue adjustment totaling \$179,697 to normalize water and sewer revenues reported by USSC for the test year. In reaching this adjustment, ORS proposed pro forma and revenue service adjustments of \$227,132 additional water and sewer revenues based on its application of the approved rates for USSC for the entire test year and adjusted water consumption to reflect customer billings as provided by USSC. ORS additionally reduced water service revenues by \$47,435 to eliminate normalized revenues for the Lakewood Estates, Arrowhead Shore, and Pleasant Hills subdivisions as the residents of these neighborhoods are no longer customers of USSC.

11. ORS calculated USSC's test year service revenue for water operations, as adjusted, of \$2,793,883 and for wastewater operations, as adjusted, of \$186,752.

Combined operations revenues were calculated by ORS for the test year, as adjusted, at \$2,980,635. The Commission finds that the appropriate total operating revenues of USSC during the test year under present rates and after accounting and pro forma adjustments are \$3,026,716. See Surrebuttal Exhibit PBT-1, Hearing Exhibit 11.

12. The Commission finds that the combined operating expenses for USSC for the test year under present rates and after the appropriate accounting and pro forma adjustments are \$2,766,575. ORS Witness Townes offered testimony and exhibits detailing adjustments. See Surrebuttal Exhibit PBT-1 and Surrebuttal Exhibit PBT-4, Hearing Exhibit 11. Witness Townes' testimony included updated water service revenues, customer growth, and rate case expenses. Revenue impact and customer growth analysis were performed by ORS and testified to by ORS Witness Morgan and were adopted by Witness Townes in his calculations. Details of the revenue and customer growth analysis are shown on the Exhibits WJM-3 and WJM-4, Hearing Exhibit 11. Rate case expenses included in the net income for return were those received by ORS as of November 13, 2007. Counsel for USSC requested at the hearing, and the Commission Chairman granted from the bench, to keep the record in this case open to allow USSC to present rate case expenses through the date of the hearing in this matter. From the stand, ORS witness Townes agreed to examine and report to the Commission regarding these additional rate case expenses. On January 11, 2008 Witness Townes submitted a detailed report and Affidavit with the Commission providing for total rate case expenses in this case of \$184,300. This late filed exhibit was made a part of the record in this matter as Hearing Exhibit 12.

13. The majority of ORS Witness Townes' testimony referred to his Surrebuttal Exhibit PBT-4 – "Explanation of Accounting and Pro Forma Adjustments," Hearing Exhibit 12. The witness explained in detail the Fifty-One (51) adjustments proposed by ORS. Witness Townes also testified regarding Rebuttal Exhibit PBT-1 – "Operating Experience, Rate Base and Rates of Return," Hearing Exhibit 12. The Witness testified that within that Exhibit, Column (1) shows the per company application figures of USSC as of December 31, 2006. Column (2) shows the proposed accounting and pro forma adjustments designed to normalize USSC's per company application figures (described in Surrebuttal Exhibit PBT-4). Column (3) shows the result of a normalized test year for USSC by adding columns (1) and (2). The total income for return is based on the total operating revenues less total operating expenses. The operating margin is computed by dividing the total income for return less interest expense by the total operating revenues.

14. The Commission finds the accounting and pro forma adjustments proposed by the ORS witnesses Townes and Morgan, as set forth in each witness's direct and surrebuttal testimony are appropriate for rate making purposes. See Hearing Exhibits 11 and 13.

15. The Commission finds that Mr. Townes' Surrebuttal Exhibit PBT-5, Hearing Exhibit 11, shows the appropriate depreciation expenses and amortization for rate making purposes are \$40,597. Surrebuttal Exhibit PBT-6, Hearing Exhibit 11, shows the accurate computation of the income tax adjustment. ORS proposed adjustments 1 through 28 and 31 through 51 were accepted by USSC through the Rebuttal testimony of Witness Georgiev. Witness Georgiev did take exception in her rebuttal testimony to adjustments to the Company's Operating Expenses regarding three subdivisions which the company had

transferred, adjustments to rate case expenses, and adjustments to additional plant in service. From the witness stand, Witness Georgiev stated that the company accepted all of the adjustments contained in ORS Witness Townes' Surrebuttal exhibits, with the exception of the issue of rate case expenses, which as previously stated were to be submitted to the Commission as a late filed exhibit, Hearing Exhibit 12. USSC made no objections to or presented any contrary evidence to Mr. Townes' calculations reflected in his Surrebuttal Exhibits, Hearing Exhibit 11.

16. The Commission finds that by accepting all the adjustments as proposed by witnesses Townes and Morgan, the Company's current return on rate base is 2.85% and its current operating margin is (3.31%) under USSC's presently approved rates and charges. Therefore, the Commission finds that an adjustment of USSC's rates and charges is warranted. An increase in rates and charges appears justified for the Company to provide its residential and commercial customers with safe and adequate water and wastewater services.

17. Based on the return on rate base and operating margin for the test year contained in Surrebuttal Exhibit PBT-1, Hearing Exhibit 11, we find that USSC has demonstrated the need for an increase in rates.

18. When applied to the as adjusted test year operations, the rates requested in the Company's application result in a Return on Rate Base of 12.17% and an operating Margin of 17.02%.

19. The Commission finds that based on the testimony of ORS Witness Carlisle that a Return on Rate Base of 12.17% is an unreasonable return for a water utility

such as USSC; however, the Commission finds that an operating margin of 9.12% would provide a reasonable return and operating margin to the Company.

20. In order for USSC to have the opportunity to achieve a Return on Equity of 9.42%, the income requirement for USSC, under operating margin methodology found appropriate in this Order and using the adjusted operating revenues and operating expenses approved herein is \$707,122. This will effectively yield an operating margin for the Company of 9.12%.

21. In order for USSC to have the opportunity to earn the herein approved Return on Equity of 9.42%, USSC must be allowed additional annual water service revenues of \$772,965. No additional annual sewer service revenues are required.

22. To achieve additional annual water service revenues of \$772,965 and an annual income requirement of \$707,122, the rates and fees as set forth in Appendix A attached hereto are approved and found to be just and reasonable.

23. The appropriate operating margin for USSC based upon the herein approved adjustments and rates is 9.12%.

24. The Commission finds that USSC should further adjust its tariff to provide an incentive for the Company to aggressively target and repair leaks on the distribution system in order to curtail unnecessary use of water in utility operations, protect the consumer, and encourage water conservation. Under the current tariff, all non-account water costs are borne by the customers of the system which are supplied with water by the company through a third-party bulk provider. The Commission finds that the language contained in the present USSC tariff related to pass-through water supply must be amended to limit the amount of non-account water passed through to consumers to

10%. The specific language to be added to the Company tariff shall be that contained in Exhibit WJM-8, Hearing Exhibit 13.

25. The Commission further finds that the evidence presented by ORS Witness Morgan concerning unaccounted for water in certain subdivisions or areas within the USSC system warrants USSC perform a water audit of all systems shown in Exhibit WJM-7 (Hearing Exhibit 13) to have reported a water loss during the test year in excess of 10%. We find that a 10% water loss standard is reasonable and within the allowable standards established by the American Waterworks Association as previously adopted by this Commission in Order No. 2002-866.

IT IS THEREFORE ORDERED THAT:

1. USSC is entitled to rate relief on the basis of its current return on rate base of 2.85% and operating margin of (3.31%).
2. The proposed schedule of rates and charges filed by USSC is hereby found to be excessive as such would result in a Return on rate base in excess of 12% and an operating margin of over 17%.
3. USSC shall be entitled to charge rates and fees appropriate to obtain a Return on Equity of 9.42% in order to obtain an operating margin of 9.12%.
4. USSC shall amend its tariff to provide a limit of 10% of unaccounted for water related to its pass-through provision applicable to certain subdivisions or areas within the USSC system.
5. USSC shall perform water audits on all systems shown in Exhibit WJM-7 to have reported a water loss in excess of 10% during the test year.

6. The rates and schedules in Appendix A attached hereto are hereby adopted by the Commission and are Ordered to be put into affect by USSC within thirty (30) days of the issuance of this Order or in the Company's next billing cycle. The schedules shall be deemed to be filed with the Commission pursuant to S.C. Code Ann. §58-5-240 (Supp. 2006).

7. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

\_\_\_\_\_  
G. O'Neal Hamilton, Chairman

ATTEST:

\_\_\_\_\_  
C. Robert Moseley, Vice Chairman

**RATES  
APPENDIX A**

**WATER**

1.

**Monthly Charges**Residential (less than 1" meter)

Basic Facilities Charge per single family  
house, condominium, mobile home or apartment unit:  
Commodity Charge:

\$16.53 per unit  
\$5.40 per 1,000  
gallons or 134 cft.

Commercial/Residential (for 1" meter or greater)

Basic Facilities Charge  
by meter size:

1 " meter	\$44.00
1.5 " meter	\$80.00
2 " meter	\$130.00
3 " meter	\$275.00
4 " meter	\$403.02

Commodity Charge: \$5.40 per 1,000  
gallons or 134 cft.

Charge for Water Distribution Only

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Company, the following rates apply:

Residential (for less than 1" meter)

Basic Facilities Charge per single family  
house, condominium, mobile home or apartment unit:  
Commodity Charge:

\$16.53 per unit  
\$2.91 per 1,000  
gallons or 134 cft.

Commercial/Residential (for 1" meter or greater)

Basic Facilities Charge  
by meter size

1 " meter	\$44.00
1.5 " meter	\$80.00
2 " meter	\$130.00
3 " meter	\$275.00
4 " meter	\$403.02

Commodity Charge: \$2.91 per 1,000  
gallons or 134 cft.



**WATER (continued)**

The utility will also charge for the cost of water purchased from the bulk water provider. The charges imposed by the bulk water provider will be charged to the Utility's affected customers on a pro rata basis without markup. The Utility shall limit the amount of non-account water charged to customers not to exceed 10% of total water purchased from the governmental body or agency, or other entity. Water loss due to leaks and routine system flushing must be accounted for and thoroughly documented by detailing location, timeframe and reason for leak or flushing. Where the utility is required by regulatory authority with jurisdiction over the utility to interconnect to the water supply system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will also be charged to the utility's affected customers on a pro rata basis, without markup. The utility shall give the Commission thirty days notice of its intent to pass-through to customers purchased water charges which are higher than those in effect at the time of the Commission's approval of the within rate schedule. The utility shall provide with such notice written documentation of an increase in the amount of purchased water justifying the increase in the amount of purchased water charges sought to be passed-through to affected customers. In the event that an increase in the amount of purchased water charges to be passed through to customers rate is found by the Commission to be so justified, USSC will then be required to give customers an additional thirty days notice before the increase in the purchased water charges to be passed through may be put into effect.

Commercial customers are those not included in the residential category above and include, but are not limited to hotels, stores, restaurants, offices, industry, etc.

The utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

2.

**Nonrecurring Charges**

Tap Fees

\$500.00 per SFE\*

3.

**Account Set-Up and Reconnection Charges**

a. Customer Account Charge - for new customers only.

All Areas

\$25.00

b. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5 Customers who ask to be reconnected within nine months of disconnection will be

**WATER (continued)**

charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been disconnected at the request of the customer.

4.  
Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5.  
Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service, unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

6.  
Cross Connection Inspection Fee

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2 (Supp. 2006), as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.8.(Supp. 2006), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year provided the customer is given a 30-day advance written notice by the utility of the recurring annual date when the customer must have their backflow prevention device tested by a licensed, certified tester. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a licensed certified tester and add the charges incurred by the Utility in that regard to the customer's next bill. This charge will only be applied to a customer's bill when the customer is given the 30-day advance written notice and subsequently fails to provide the utility with the required report and results.

**RATES  
APPENDIX A**

**WATER (continued)**

- \* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities – 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2006), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee. For water service to customers not described in R. 61-67, such as irrigation service, the tap fees shall be the same as those for one (1) SFE.

**RATES  
APPENDIX A**

**SEWER**

1.

**Monthly Charges**

Residential - monthly charge per  
single-family house, condominium,  
villa, or apartment unit

\$41.39 per unit

Mobile Homes - monthly charge

\$29.74 per unit

Commercial - monthly charge

\$41.39 per SFE\*

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

Charge for Sewer Collection Only

When sewage is collected by the utility and transferred to a government body or agency, or other entity, for treatment, the utility's rates are as follows:

Residential - monthly charge per  
single-family house, condominium,  
or apartment unit

\$26.64 per unit

Commercial - monthly charge  
per single-family equivalent

\$26.64 per SFE\*

The Utility will also charge for treatment services provided by the government body or agency, or other entity. The rates imposed or charged by the government body or agency, or other, entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of a 201/208 Plan, or by other regulatory authority with jurisdiction over the Utility, to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup. The Utility shall give the Commission thirty days notice of its intent to pass-through to customers treatment charges which are higher than those in effect at the time of the Commission's approval of the within rate schedule. The Utility shall provide with such notice written documentation of an increase by the provider of treatment services justifying the increase in the amount of treatment charges sought to be passed-through to affected customers. In the event that an increase in the amount of treatment charges to be passed through to customers rate is found by the Commission to be so justified, USSC will then be required to give customers an additional thirty days notice before the increase in the treatment charges to be passed through may be put into effect.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

## APPENDIX A

January \_\_, 2008

## SEWER (continued)

Solids Interceptor Tanks

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

A. Pumping Charge

At such time as the Utility determines through its inspection that excessive solids have accumulated in the interceptor tank, the Utility will arrange for pumping the tank and will include \$150.00 as a separate item in the next regular billing to the customer.

B. Pump Repair or Replacement Charge

If a separate pump is required to transport the customer's sewage from solids interceptor tank to the Utility's sewage collection system, the Utility will arrange to have this pump repaired or replaced as required and will include the cost of such repair or replacement and may be paid for over a one year period.

C. Visual Inspection Port

In order for a customer who uses a solids interceptor tank to receive sewage service from the Utility or to continue to receive such service, the customer shall install at the customer's expense a visual inspection port which will allow for observation of the contents of the solids interceptor tank and extraction of test samples therefrom. Failure to provide such a visual inspection port after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

## 2.

## Nonrecurring Charges

## Tap Fee

\$500 per SFE\*

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

## 3.

## Notification, Account Set-Up and Reconnection Charges

## a. Notification Fee

A fee of six dollars (\$6.00) shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

**SEWER (continued)**

b. Customer Account Charge - for new customers only.

All Areas

\$25.00

A one-time fee to defray the costs of initiating service. This charge will be waived if the customer also takes water service.

c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. Where an elder valve has been previously installed, a reconnection charge of thirty-five dollars (\$35.00) shall be due. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.

4.

**Billing Cycle**

Recurring charges will be billed monthly, in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5.

**Toxic and Pretreatment Effluent Guidelines**

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

6.

**Extension of Utility Service Lines and Mains**

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule and to comply with the guidelines and standards hereof, shall not be denied service, unless treatment capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving sewer system. In no event will the Utility be required

**APPENDIX A**

**SEWER (continued)**

to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

- \* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loading for Domestic Wastewater Treatment Facilities --25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2006), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2007-286-WS**

IN RE:

Application of Utilities Services of South	)	
Carolina, Incorporated for Adjustment of	)	<b>CERTIFICATE OF</b>
Rates and Charges and Modifications to	)	<b>SERVICE</b>
Certain Terms and Conditions for the	)	
Provision of Water and Sewer Service	)	
	)	

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **PROPOSED ORDER** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Benjamin P. Mustian, Esquire  
Willoughby & Hoefer, P.A.  
Post Office Box 8416  
Columbia, SC 29202

John M.S. Hoefer, Esquire  
Willoughby & Hoefer, P.A.  
Post Office Box 8416  
Columbia, SC, 29202-8416

  
Chrystal L. Morgan

January 18, 2008  
Columbia, South Carolina